

“Looking Back: A Returning Diplomat’s Perspective on Nigeria Today”

Abuja Chamber of Commerce, Industry, Mines & Agriculture

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Ladies and gentlemen, I am new to the Embassy in Abuja, but I am pleased to say that I am not new to Nigeria. In 1998, after serving as the head of the Nigeria desk at the State Department in Washington, I arrived in Lagos to serve as the Embassy’s economic counselor. One thing I vividly remember from that tour is the great respect that Nigerians have for language and the art of public speaking. Having been trapped behind a desk in the Green Zone in Baghdad, Iraq, for the past two years, I am a bit rusty at the podium, so please allow me to take refuge in that time-honored Nigerian custom of declaring simply: “Good afternoon, and all protocols duly observed.”

In fact, I had such a great tour in Nigeria that I was truly delighted by the chance to return, this time as the deputy chief of mission. When I looked back at my service in Nigeria, I realized that my best memories were of my travels to the different states and regions of this great, vast country. Whenever I was on the road and needed help, someone would always step forward with directions, sound advice, or -- at a surprisingly reasonable price -- petrol on a side street. Wherever I went, people were always generous with their time and their hospitality. Thus, I left with great affection for the Nigerian people, their music, their culture, and their sharp sense of humor.

There are always risks for a diplomat returning to a country for an encore assignment. He invariably knows less than he thinks he does and more has changed than he can initially grasp.

But I do have one advantage over many of my diplomatic colleagues: I can remember what it was like in Nigeria just ten years ago. I have the perspective to appreciate what this country has achieved and to put into context the many challenges that still confront Nigeria today. Yes, we all know how difficult and frustrating Nigeria can be, but I was here during the darkest days of the Abacha regime. People said then that inflation, immigration, and despair had driven the Nigerian middle class to the verge of extinction. For those of you who weren't there or who have hazy memories of that era, let me spend some time to remind you what it was like.

One of the few ways I can reliably provoke amazement from my colleagues is to tell them that the biggest bank note used to be 20 naira. After a few days at a hotel, it literally took a briefcase stuffed with bricks of money and about 15 minutes to check out. A government official explained to me that bigger bank notes would be inflationary, because, he said, big men are bound by societal pressure to use the biggest bank notes available when spraying people. I didn't find this a very convincing explanation, but the 20 naira bank note was symptomatic of the times: a real but easily remedied problem that the government had no interest in fixing, perhaps because senior officials conducted their own transactions in hard currencies.

Another dramatic change is aviation. In 1998, Lagos airport was barely functional, a minefield of chaos, disrepair, and insecurity. Many of you will recall the signs in U.S. airports warning against travel to Murtala Muhammad Airport. When I visited the control tower there, I walked up a very long flight of stairs since the elevator was, of course, out of order. I was greeted by birds flying about the ceiling because one of the big vista windows was broken, giving the birds free run to nest and relieve themselves as they desired. The only working piece of equipment was a radio for communicating with planes that the air traffic controllers could not otherwise see or monitor.

One night, a European airliner was forced to brake abruptly after landing because miscreants had blocked the taxiway with a big log. With the plane dead in its tracks, they broke into and looted the plane's luggage compartment. Since there was no effective perimeter security, and local people entered the airport grounds freely to plant corn next to the runways, it was easy for bandits to slip in and out.

Every domestic flight was an adventure, in part because severe government controls on ticket prices made it hard for airlines to operate safely or efficiently. The new international terminal in Abuja was finished but lay unused because, it was said, the military leadership didn't like its proximity to the VIP terminal. Oh, and the luggage was conveyed to and from the planes by ox cart.

Today, Lagos airport is transformed. It is once again a regional hub, served by almost 30 airlines. There is a shiny, new domestic terminal. An American airline flies to Lagos and Abuja, two more American airlines would like to follow suit, and a Nigerian carrier could be on track to fly directly to the United States by early next year.

The explosion of mobile telephones is another huge change. In 1998, cell phones were extraordinarily expensive and coverage was limited. NITEL was, alas, still NITEL, and in Abuja it was easier for me as a visitor to drop by somebody's office in the hope that he might be available than to try to phone ahead for an appointment. I don't remember any e-mail or Internet usage here at all. You may recall the Y2K scare. I certainly do because staff at American embassies around the world were told to cancel Christmas travel plans to stay put to cope with the anticipated upheaval of a cyber-meltdown. It turned out that Nigeria was about the safest

place to be in the world, because, at that time, the only critical part of the Nigerian economy that was computerized was the oil sector.

Today, Nigeria boasts the largest and fastest growing telecommunications sector in Africa, with over \$11 billion in investments between 2001 and 2008. Fueled by an attractive market environment, and low taxes, the current growth rate for mobile subscriptions is 56 percent, with a mobile subscriber base that is projected to top one hundred million in 2013.

Another important change, at least for me, is the arrival of Heineken and its partnership with Nigerian Breweries. I remember Star beer more or less fondly, but I knew that every time I opened a bottle, I could never be certain of the taste or even the exact volume of its contents. Heineken's arrival symbolizes the much greater availability of quality consumer goods, some manufactured under license in Nigeria, some imported legally, that are available for purchase in an increasingly large number of stores and shopping centers that cater to the upwardly mobile.

Not so long ago, there was no question of sending new, first-run Hollywood movies to Nigeria, in part because of concerns about piracy and intellectual property rights. Now, I am pleased to report that I was able to endure the new "Harry Potter" movie in a modern theater right here in Abuja the same week it opened in the United States.

Perhaps this would be a good time to mention Nollywood. You know what it is today—an industry behemoth that extends Nigeria's cultural influence to the rest of Africa and, through the Nigerian diaspora, to the entire world. And in the process, it has created a powerful new constituency for enforcing intellectual property rights, a critical objective if Nigeria is to attract and retain new foreign and domestic investment.

Ten years ago, the American business presence in Nigeria was narrowly focused on energy. Times have changed. According to an international consultant, Nigeria has a growing population of ten million “basic needs” consumers with annual per capita incomes of \$500 to \$5,000, and this group’s purchasing power has more than doubled in five years, from \$13 billion in the year 2000 to \$30 billion in 2005.

As a result, U.S. corporate giants like General Electric, Microsoft, Cisco, and IBM have come to Nigeria because they recognize both its current opportunities and its potential. Microsoft is building a network of Nigerian partners to distribute its products and to develop new ones based on the Microsoft platform. Cisco has established a network of Cisco Academies, and is keen to bid on contracts in the public and private sectors. After a 30-year absence, John Deere is back in Nigeria.

Ten years ago, a new generation of banks helped lift Nigeria into the modern financial age. Yet, as one commentator observed, a banking license was like having a license to print money, thanks in part to the choreographed nature of the foreign exchange market. Few people associated transparency, accountability, or consumer lending with Nigerian banks. At the start of the new millennium, financial transactions were still recorded by hand in big ledgers, which could take weeks to reach the Central Bank in Abuja. Nigerian banks now operate beyond their shores, with a growing variety of modern retail and consumer banking products. As we have recently been reminded, Nigerian banking still has serious problems – welcome to the club -- but now there seems to be determined government action to enforce accountability and other international standards of performance on wayward bankers and a system that for so long appeared to be above the law. Some people may disagree with the Central Bank’s tactics, but its reform agenda has understandably struck a populist chord among many Nigerians.

Ten years ago, there was a lot of talk about the sad decline of Nigerian agriculture and the importance of diversifying the economy. Since 2003, Nigeria's economic reforms have helped generate non-oil economic growth of nine percent per year, driven largely by agriculture and services. Long-overdue changes in government policies and programs led to the biggest budgetary allocation in three decades for agriculture, with massive investment in agricultural infrastructure, especially water resources. All major staple crops have subsequently recorded increases in output.

The positive changes haven't all been economic or commercial. As someone who believes that the worst civilian government is better than the best military regime, it is worth recalling just how bad things were in 1998. Political killings, extrajudicial justice, and a massively corrupt leadership determined to perpetuate itself in power through a sham transition to democracy program that was halted by what can only be described as an act of providence. While the journey of civilian rule is often bumpy, especially at election time, there are rays of hope.

For example, I have to think that it is a good thing that for the first time ever, Nigeria has a university graduate as head of state. As an American born into federalism, it also strikes me as positive that a new generation of political leadership is developing at the state level, where several governors have proven that strong political will and strong leadership can have positive results. And it's not too soon to hail as an historic turning point the successful application in 2006 of various checks and balances to stop an incumbent president from rewriting the constitution to position himself for a third term in office.

As President Obama famously said in Ghana, Africa needs strong institutions, not strong men. Nigeria has several new institutions that show potential. There is a Nigerian Human Rights

Commission, which generated a National Action Plan to serve as the basis for its broad engagement with official and non-governmental entities; the Commission has more than 300 employees in Abuja and the six regions, with an annual budget of 530 million naira. To combat the scourge of human trafficking, the government created the National Agency for the Prohibition of Trafficking in Persons to coordinate investigations and prosecutions, provide counseling and rehabilitation to victims, and produce public enlightenment programs. The enactment of new laws against all forms of human trafficking helped elevate Nigeria to Tier 1 status in the U.S. State Department's 2009 world-wide report on Trafficking In Persons, the only sub-Saharan nation to be so recognized.

As a part of the electric Power Sector Reform Act of 2005, the Nigerian Electricity Regulatory Commission was launched to formulate policies for the efficient regulation of the Transmission Company of Nigeria and the 11 distribution companies. The Commission has just begun enforcing the Nigerian Electricity Health and Safety Standards, written to protect the 34,000 electrical workers throughout Nigeria.

The Extractive Industry Transparency Initiative is a global effort to help developing countries monitor their extractive industries and bolster the prudent use of natural resource wealth for sustainable economic development. Nigeria is a global leader in this initiative as it has completed industry audits for 2001-2005, and it has just commissioned audits for 2006 to 2009.

Even on corruption, there has been relative progress. In the year 2000, Nigeria was dead last in the Transparency International rankings. In 2008, Nigeria's corruption perception rating had more than doubled to 2.7, which was good enough for 121 out of 180. Whatever has or has not been done in combating corruption in recent times, remember the situation in 1998. As far as I

can recall, no one went to jail, and few were even charged. Contracts didn't lose say 20 percent of their value to "facilitators," they often lost the whole amount.

Education is another key benchmark for national development. After the military systematically starved education of funding, the federal government launched the Universal Basic Education program, making free and compulsory basic education a right for every child. The Universal Basic Education Intervention Fund has sent funds to every state, and now has nearly \$500 million available for basic education.

Nigeria continues to be a global leader in peacekeeping, with over 5,000 peacekeepers and observers deployed to Liberia and Sudan, and, along with the Nigerian police, to Congo, Haiti, Burundi, Chad, Western Sahara, Kosovo, and Timor. The sacrifices and contributions of Nigeria to peace and security abroad should be a source of great pride to all Nigerians.

The salaries and allowances of federal government workers are now, more or less, paid on time. Lately, the introduction of the e-payment system has resulted in delays, but the good news here is the e-payment system itself, which should generate significant benefits for good governance, ranging from accountability to tax enforcement.

While problems remain with media performance and independence, there's no question that Nigerian media are bigger and freer than before. In 1999, there were two government-controlled television broadcast stations and 14 licenses for private television stations, but now there are more than 140 federal, state, and privately-owned television stations. Today, there are also 82 AM radio stations and 35 FM stations.

And allow me to say a few words about Lagos, my former home. I recently returned to Lagos for the first time in nine years, and I was amazed by the changes, especially on Victoria Island

and the Lekki peninsula. Enrolment at the American International School has nearly doubled, and a new state-of-the-art high school campus is on track to open in September 2010. A range of new property and business developments, new roads, street lights that work, and even public landscaping have given the city a new swagger. Lagos still has mega-challenges to overcome if it is to survive as a mega-city, but ten years ago most of Lagos was a post-apocalyptic “Blade Runner” nightmare in terms of appearance and how people behaved, especially at night.

It’s true that some things haven’t changed that much. Some of you may remember Vision 2010, an ambitious blueprint for Nigeria’s future launched by the Nigerian Economic Summit Group. I understand that his concept has been rebranded as Vision 2020. And NEPA is now PHCN, which is a lot harder to pronounce as an acronym, but otherwise seems to be discouragingly familiar. Nine years later, the government is still on the verge of deregulating downstream energy prices, the refineries are still a disaster, and load shedding is still a national trauma, at least for those areas fortunate enough to be connected to the national grid. And, alas, nine years later, the SuperEagles are still an unfortunate metaphor for a well-endowed country with great, world-beating potential that, somehow, manages to under-perform, more often than not.

And some things have gotten worse, such as militancy and criminality in the Niger Delta. Oil bunkering on its present scale was unthinkable. We all know that Nigeria faces daunting problems, problems that have been diagnosed to death by countless study groups and commissions. Nigerians themselves are often the first to acknowledge this grim prospective, so I see no need for me to repeat here that familiar litany of woe.

Instead, the point I would like to stress is, that at the end of the day, there is no better antidote to cynicism than success, there is no more biting rejoinder to negativity than a solid track record of

performance, and there is nothing more inspiring than evidence that for every step backwards, there is also some movement forward.

Coming back to Nigeria, I have found that the same factors that originally attracted me to this country have not changed. I have seen again that Nigerians are, on the whole, hard working, talented, and honorable people, desperate for change and for leaders who care as much as they do about “keeping Nigeria one.”

The U.S. Mission to Nigeria has skyrocketed in size. The Consulate General in Lagos is almost twice the size that it was as an Embassy just ten years ago. Combined with the Embassy in Abuja, there are now nearly 300 American and over 760 Nigerian personnel at U.S. Mission Nigeria, which has just been upgraded by the State Department administrative office to be a category five Mission. This category means that Nigeria is “among our largest full service posts and is a country of major importance to the United States...The existence of major programs, active alliance ties, serious regional and bilateral issues, broad current and historical linkages, or serious economic interests may be factors justifying the large U.S. official presence.”

This reflection of Nigeria’s importance flows from the premise that the future of Africa matters to the progress and prosperity of the United States. To quote Secretary Clinton from just last week: “From our perspective, for too long, Africa has been viewed as a charity case instead of a dynamic continent capable of becoming a global economic engine of the 21st century. So it is time to change the narrative. It is time to understand that strengthened trade policies will enable African businesses to tap more effectively into existing markets and create new ones. It is time to recognize too that the reform of the agricultural sector is essential to Africa’s future growth

and prosperity, and that in vesting in people, especially women, will enable Africa to move much more quickly toward the kind of sustainable future that we all are hoping for.”

To those of us who already know what Nigeria has to offer and, critically, what Nigeria has already accomplished, this uplifting vision of the future does not seem so far-fetched.

Thank you.